

P-415,421/CP-92-1010 ORDER APPROVING RECOVERY OF NON-RECURRING COSTS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm  
Tom Burton  
Marshall Johnson  
Cynthia A. Kitlinski  
Dee Knaak

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of a Petition for Extended Area  
Service from Kimball to St. Cloud

ISSUE DATE: January 18, 1995

DOCKET NO. P-415,421/CP-92-1010

ORDER APPROVING RECOVERY OF  
NON-RECURRING COSTS

**PROCEDURAL HISTORY**

On August 19, 1992, subscribers in the Kimball exchange filed a petition for extended area service (EAS) to the St. Cloud exchange. Kimball is served by the Melrose Telephone Company (Melrose); St. Cloud is served by US WEST Communications, Inc.

On July 11, 1994, the Commission issued its ORDER CERTIFYING POLLING RESULTS. In that Order the Commission found that a majority of Kimball customers responding to a poll voted in favor of EAS to St. Cloud. The Commission ordered Melrose to implement EAS from Kimball to St. Cloud.

On September 14, 1994, Melrose filed a request for recovery of non-recurring costs of implementing EAS. Melrose requested recovery of \$17,067.34, or \$13.89 per customer in the Kimball exchange. The filing included costs for accounting, engineering, regulatory charges, balloting, and traffic study costs.

On October 11, 1994, the Department of Public Service (the Department) filed comments. The Department recommended confining the Company's cost recovery to balloting costs. Full recovery of balloting costs would require a one-time charge of \$1.91 per customer.

On October 4, 1994, Kimball petition co-sponsor Mark Kunkell filed a letter requesting that the Commission deny Melrose recovery of any proposed non-recurring charge.

The matter came before the Commission for consideration on January 10, 1995.

## **FINDINGS AND CONCLUSIONS**

In other EAS dockets, the Commission has addressed the issue of recovery of EAS non-recurring charges. In an October 16, 1992, Order<sup>1</sup> in the Zimmerman/Metro docket, the Commission limited the recovery of non-recurring EAS costs to polling costs, labor costs associated with the conversion of the network from toll to EAS, and any required EAS usage stimulation study costs.

In a February 10, 1994, Order<sup>2</sup> addressing Tower and Nickerson petitions, the Commission confirmed that telephone companies have a right to seek recovery of their polling costs from their customers. The Commission noted that the original EAS legislation, Minnesota Laws, Chapter 513, Section 2, stated that EAS ballots shall be returnable to the Commission at no cost to the polled customers. The Commission permitted the telephone companies to recover all their polling costs, except the postage necessary to return the EAS ballots to the Commission, in a one-month surcharge.

The Commission finds that the same policy should be applied to the proposed Melrose non-recurring costs. The Commission will allow Melrose recovery of its one-time balloting costs, less the costs of return postage. This formula will result in a one-time charge of \$1.52 per Kimball customer.<sup>3</sup> The Commission will require that Melrose notify its customers of the one-time charge prior to billing for it.

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<sup>1</sup> In the Matter of a Petition for Extended Area Service between Zimmerman and the Minneapolis/St. Paul Metropolitan Calling Area, Docket No. P-427, 421/CP-85-652, ORDER ACCEPTING COMMENTS, DISAPPROVING NON-RECURRING CHARGES, AND REQUIRING FURTHER FILINGS.

<sup>2</sup> In the Matter of a Petition for Extended Area Service from Tower to Virginia, Embarrass, and Ely; In the Matter of a Petition for Extended Area Service from Nickerson to Askov, Carlton, and Moose Lake, Docket Nos. P-407, 421/CP-90-777; P-407, 421/CP-89-105, ORDER PARTIALLY GRANTING REQUEST FOR RECOVERY OF POLLING COSTS.

<sup>3</sup> Actual billing for balloting costs was \$2164.56. 966 customers returned ballots. At \$0.31 per returned ballot, the total cost of balloting, less returned postage, is \$1,865.10.

### **ORDER**

1. The Commission authorizes Melrose Telephone Company to assess a one-time charge of \$1.52 for each Kimball customer to recover balloting costs.
2. Melrose may include the non-recurring charge in its first bill which includes EAS charges. Melrose shall also include a notice explaining the non-recurring charge. The proposed customer notice shall be submitted to Commission Staff for approval within five days of the date of this Order.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(S E A L)